

KRONOSTAR CORRECTIVE ACTION PLAN (CAP)

Environmental, Health and Safety Action Item	Required Completion Date
<p>1. <u>Environmental Site Audit</u>. Carry out a comprehensive environmental site audit to identify environmental issues arising from previous site land use and any shortcomings in compliance with European Union and Russian Federation regulatory requirements and with IFC/World Bank Group policies and guidelines requirements. The scope of the audit shall include identification of environmental issues that potentially affect site redevelopment and expansion; identification of asbestos containing building materials (ACBM) in structures and process equipment, and any remedial measures required; identification of environmental contamination caused by previous and ongoing operations; and, identification of unstable structures or structural components in existing buildings. Determine the need for remedial actions, as appropriate, for any conditions that do not meet Russian regulatory or IFC/WBG guidelines/policies requirements.</p>	<p align="center">Condition of Second Disbursement</p>
<p>2. <u>Provide Environmental Site Audit Report for IFC</u>. Prepare technical documentation for the director of Kostroma government that defines existing liabilities for contamination and environmental issues from past land use and industrial operations. Provide IFC with a proposed schedule to complete action items recommended in the audit report.</p>	<p align="center">Condition of Second Disbursement</p>
<p>3. <u>Document completion of all recommended corrective measures from the Environmental Site Audit report</u>. Submit technical documentation to IFC that demonstrates completion of required corrective measures. Documentation provided would include evidence that environmental liabilities from former site use have been clearly communicated to the director of Kostroma government and that they have acknowledged receipt and responsibility in writing.</p>	<p align="center">Condition of Completion</p>

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4. <u>Document Krostroma government’s environmental and social liabilities.</u> Provide IFC with legal opinion on whether and to what extent government or the Company is liable for environmental issues from past land use and operations, and for payments or provision of benefits to workers previously retrenched.	Condition of Investment
5. <u>Occupational Health and Safety Audit.</u> Carry out a comprehensive occupational health and safety audit of the fiberboard plant and other ongoing operations to identify existing issues and to facilitate prioritization of required corrective measures to bring the facility into compliance with other SKG operations.	Condition of Second Disbursement
6. <u>Occupational Health and Safety Team.</u> Hire an occupational health and safety manager and assign qualified coordinators to each plant. Implement audit recommendations. Restructure occupational health and safety practices to comply with SKG norms as described in the ERS.	Condition of Second Disbursement
7. <u>Provide Occupational Health and Safety Audit Report for IFC.</u> Provide IFC with a proposed schedule to complete action items recommended in the audit report.	Condition of Second Disbursement
8. <u>Document completion of all recommended corrective measures from the Occupational Health and Safety Audit report.</u> Submit technical documentation to IFC that demonstrates completion of required corrective measures.	Condition of Completion
9. <u>Develop and implement an Environmental Management System (EMS).</u> Implement and institutionalize a comprehensive Environmental Management System (EMS) for all Kronostar’s operations, including policy, procedures, assigned responsibilities and a monitoring and reporting framework. The EMS shall affect the supply chain and all manufacturing (value added) operations to include transport and storage and use of hazardous materials and contain procedures and staffing requirements required to fully implement the	Demonstrated progress to IFC’s satisfaction, as a Condition of Second Disbursement

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stated objectives of the Environmental Policy.	
10. <u>Obtain independent certification of sustainable forest management practices.</u> For all production forests under its management and control obtain independent certification in compliance with the World Bank Group's Forestry policy requirements.	Demonstrated progress to IFC's satisfaction in achieving certification, as a Condition of Project Completion
11. <u>Obtain internationally recognized certification for quality, environmental and occupational health and safety management systems.</u> Obtain quality management certification for Kronostar manufacturing operations (e.g. ISO 9001-2000); obtain environmental management system certification for Kronostar manufacturing operations (e.g. ISO-14001); and obtain certification of occupational health and safety management systems in all Kronostar manufacturing and allied operations (e.g. OHSAS 18000 or equivalent).	Condition of Completion